

RESOLUTION NO. 06-01

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK MAKING DETERMINATIONS WITH RESPECT TO THE FINANCING OF FACILITIES FOR AIR FLOW RESEARCH HEADS, INC. OR RICK AND BEVERLY SPERLING AS TRUSTEES OF THE RICK AND BEVERLY SPERLING FAMILY TRUST U/D/T SEPTEMBER 28, 1998 AND SCOTT SPERLING OR A RELATED ENTITY AND DECLARING ITS INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS

WHEREAS, the California Infrastructure and Economic Development Bank (the "Issuer") was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 *et seq.*), as now in effect and as it may be amended or supplemented (the "Act"), for the purpose of, among other things, providing financial assistance for the design, construction, financing and development of economic development facilities (as such term is defined in the Act) located in the State of California (the "State"); and

WHEREAS, the Issuer is authorized to issue tax-exempt and taxable revenue bonds to provide financing for economic development facilities pursuant to the Act; and

WHEREAS, Air Flow Research Heads, Inc., Rick and Beverly Sperling as trustees of the Rick and Beverly Sperling Family Trust u/d/t September 28, 1998 and Scott Sperling (collectively, the "Applicant") have submitted, and the Issuer has accepted, an application requesting the Issuer to issue and sell its industrial development revenue bonds pursuant to the provisions of the Act for the purpose of financing the (1) acquisition of approximately 77,000 square feet of land and an existing 27,540 square foot building located thereon at 28611 West Industry Drive, Building #2, Valencia, California 91355 (the "Project Site"), (2) acquisition and installation of manufacturing equipment at the Project Site, and (3) payment of capitalized interest and certain costs of issuance in connection with the hereinafter referred to bonds to be issued by the Issuer, constituting economic development facilities under the Act (collectively, the "Project") for the Applicant or a related or successor entity (collectively, the "Borrower"); and

WHEREAS, the Borrower will use the Project for manufacturing and distributing performance automotive cylinder heads made from aluminum materials and valve train and intake related products, including manifolds, lifters, valves, valve covers, springs, roller rockers and gaskets, or for the manufacture of other tangible personal property; and

WHEREAS, the Borrower expects to pay certain expenditures (the "Reimbursable Expenditures") in connection with the Project prior to the issuance by the Issuer of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, the Issuer reasonably expects that tax-exempt bonds in an aggregate amount not expected to exceed \$3,000,000 will be issued to finance the costs of the Project and

that certain of the proceeds of the tax-exempt bonds will be used to reimburse the Reimbursable Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Issuer to declare its reasonable official intent to reimburse Reimbursable Expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the Board of Directors of the California Infrastructure and Economic Development Bank does resolve as follows:

Section 1. This Resolution is adopted solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This Resolution does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 2. All of the Reimbursable Expenditures covered by this Resolution were made not earlier than 60 days prior to the date of this resolution. The Issuer presently intends and reasonably expects to issue tax-exempt bonds within 18 months of the date of the expenditure of moneys on the Project or the date upon which the Project is placed in service or abandoned, whichever is later (but in no event more than 3 years after the date of the original expenditure of such moneys), and to allocate an amount of not to exceed \$3,000,000 of the proceeds thereof to the Reimbursable Expenditures in connection with the Project.

Section 3. The Board of Directors of the Issuer hereby declares its reasonable official intent to use proceeds of tax-exempt bonds to reimburse the Borrower for the Reimbursable Expenditures.


Section 4. In no event shall the bonds constitute a pledge of the faith and credit of the State or any political corporation, subdivision or agency of the State, and neither the State nor any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the bonds. The bonds shall constitute a special obligation of the Issuer payable solely from the revenues or other sources provided for in a loan agreement.

Section 5. All actions heretofore taken by the officials, or their respective designees, employees and agents of the Issuer in connection with the financing of the Project are hereby ratified and confirmed. The officials and their designees, employees and agents of the Issuer are hereby authorized to take any and all actions in connection with the financing of the Project and as may be necessary and consistent with the purposes of this resolution, including, but not limited to, conducting a public hearing with respect to the Project and the financing of the Project with the proceeds of the bonds as required by Section 147(f) of the Internal Revenue Code of 1986 and the filing of an application with the California Debt Limit Allocation Committee to receive a portion of the State's volume cap allocation for the bonds.

Section 6. This resolution shall take effect from and after its adoption.

PASSED, APPROVED, AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on January 24, 2006, by the following vote:

AYES:	Fish, Lujano, Kessler, Valverde
NOES:	None
ABSENT:	None
ABSTAIN:	None



Stanton C. Hazelroth, Executive Director

ATTEST:



Blake Fowler, Secretary